RBI Panel for Screening Proposals for Investment

513. SHRI VEDPRAKASH P. GOYAL: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Reserve Bank of India is constituting a special panel to screen all the proposals for investment by Indian companies in their Joint Ventures and Wholly Owned Subsidiaries abroad; and

(b) if so, what are the details of the composition, tenure, function, jurisdiction etc. of the Panel?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) and (b) As per the Guidelines for Indian Direct Investment in Joint Ventures and Wholly Owned Subsidiaries Abroad issued by Government of India, overseas investment proposals not falling under the various Fast Track Routes is considered by a Special Committee appointed by the Reserve Bank of India in consultation with Government and chaired by the Commerce Secretary with the Deputy Governor, RBI as the alternate Chairman and representatives of Ministry of Commerce, Ministry of Finance, Ministry of External Affairs and RBI as members. Such a Committee has been constituted in 1995 and has no fixed tenure. The Committee screens all overseas investment proposals upto US $ 15 million and makes its recommendation on the basis of which RBI grants or refuses permission. The proposals beyond US $ 15 million, after consideration by the Committee, are transmitted to the Ministry of Finance for examination.

Diversion of Capital Receipts By States

514. SHRI NARENDRA MOHAN: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that State Governments are indulging in fiscal indicipline and are diverting capital receipts, which are essentially high-cost borrowed funds, towards current expenditure;

(b) if so, whether Government are thinking of disciplining the State Government especially to control the market borrowing; and